

shrink and it will disappear because of the volatility of gas, because some of it tends to vaporize, it will disappear because of spillage, it will disappear for a variety of reasons. In any event, this little shrinkage allowance represents in effect a diminution or decline of the revenues which the Department of Roads can receive in the gas tax. Senator Withem has introduced a bill which would, LB 208, which would reduce the shrinkage allowance to a 3 percent allowance for the first 50,000 of gasoline sold monthly by the importer, 3 percent would be on the first 50,000, and 1 percent on the remainder. Now the history of changing shrink is very sound, very solid, very strong, that is we have never changed it. We have talked about it but have never gotten it changed. The upshot is that that the oil and gas industry said this year we would be willing to entertain a change in the shrinkage allowance. Senator Ron Withem and I met with George Watters from the oil and gas industry and Vince Brown from the oil and gas industry, and after lengthy discussions, we settled on an appropriate change to the shrinkage allowance and that change is that we will reduce the allowance from 3 percent to 2 percent on all gallonage in excess of 75,000 gallons per month. Now that obviously reduces the fiscal impact of this measure. The fiscal impact of the bill as written by Senator Withem would generate about \$1.1 million for the overall Highway Trust Funds. This settlement will generate approximately, I can't remember, I think it is 550,000, 550,000 to the Highway Trust Fund. So it has been a reduction in half. It has been about a 50 percent decline by virtue of the settlement. In any event, the proposal was presented again to the Revenue Committee and the Revenue Committee agreed to accept the compromise or settled figure and that is what I offer to you today. Now I think it was only Friday of last week we talked about another settlement which had to do with the increase to the beer, wine, and distilled spirit tax. It took us two hours to talk about that. Having learned from that lesson, I did not put a letter on the floor. The committee notes doesn't contain any reference to the settlement but I am telling you that in fact we have an agreement. Now the agreement is not one that goes on for four years or five years. It simply goes on for purposes of this bill. The agreement is that if this bill passes in its current form, if it moves in its current form, the oil and gas industry will not contest it and we, in effect, will change the shrinkage allowance which will mean, like I said, 550,000 new dollars annually into the Highway Trust Funds,